

**SURREBUTTAL TESTIMONY AND EXHIBITS OF**  
**MICHAEL L. SEAMAN-HUYNH**  
**ON BEHALF OF**  
**THE SOUTH CAROLINA OFFICE OF REGULATORY STAFF**  
**DOCKET NO. 2020-125-E**

**IN RE: APPLICATION OF DOMINION ENERGY SOUTH CAROLINA,**  
**INCORPORATED FOR ADJUSTMENTS OF RATES AND CHARGES**

**Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND OCCUPATION.**

**A.** My name is Michael Seaman-Huynh. My business address is 1401 Main Street, Suite 900, Columbia, South Carolina 29201. I am employed by the State of South Carolina as Deputy Director of Energy Operations at the Office of Regulatory Staff (“ORS”).

**Q. DID YOU FILE DIRECT TESTIMONY AND EXHIBITS IN THIS PROCEEDING?**

**A.** Yes. I filed Direct Testimony and six (6) exhibits with the Public Service Commission of South Carolina (“Commission”) on November 10, 2020 regarding the Application of Dominion Energy South Carolina, Incorporated (“DESC” or “Company”) for Adjustments in Electric Rate Schedules and Tariffs (“Application”).

**Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY IN THIS PROCEEDING?**

**A.** The purpose of my surrebuttal testimony is to respond to certain portions of rebuttal testimony of Company witnesses Kevin R. Kochems, Allen W. Rooks, R. Scott Parker, and David A. Whiteley. Specifically, I will discuss:

- ORS’s recommendations regarding DESC’s cost of service study (“COSS”);
- DESC’s revenue verification and revenue requirement distribution;

- ORS's recommendations regarding DESC's proposed changes to Section V. of its General Terms and Conditions;
- ORS's recommendations regarding the Company's transmission lines constructed as part of the now-abandoned V.C. Summer Units 2 & 3 ("Transmission Assets"); and,
- Impacts to Customer's Bills based on ORS's updated recommendations.

## **I. COST OF SERVICE STUDY**

**Q. PLEASE EXPLAIN THE ADDITIONAL ORS RECOMMENDATION FOR COSS, BASED ON THE REBUTTAL TESTIMONY OF COMPANY WITNESS KOCHEMS.**

**A.** In response to the Direct Testimony of South Carolina Department of Consumer Affairs ("DCA") witness David E. Dismukes, Company witness Kochems states, "...if the Commission wishes to evaluate a change in cost allocation methodology, it should defer that evaluation until the Company's next general rate case. This will allow the Company and other stakeholders to fully study the cost allocation methodologies and recommend future action based on a full evaluation of available alternatives."<sup>1</sup> The Direct Testimony of DCA witness Dismukes and South Carolina Energy Users Committee witness Kevin W. O'Donnell indicate there is significant interest in the Company's cost allocation methodology. A thorough COSS discussion with stakeholders has merit and benefits, and ORS recommends that the Commission direct the Company to conduct a thorough evaluation of cost allocation methodology and receive input from interested stakeholders prior to its next general rate proceeding.

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<sup>1</sup> Rebuttal Testimony of Kevin R. Kochems, page 6, lines 3-7.

**II. REVENUE REQUIREMENT DISTRIBUTION**

**Q. PLEASE DISCUSS THE REVENUE REQUIREMENT AND HOW IT IS DISTRIBUTED TO EACH CUSTOMER CLASS.**

**A.** As discussed in more detail in my Direct Testimony, the COSS performed by DESC was utilized to determine the proper cost allocation for each class. The revenue requirement was then applied to each class to align the returns by class with the overall rate of return. This is an appropriate and equitable method for allocating revenue requirements and is an accepted regulatory practice consistent with previous Commission orders.

Based on the updated adjustments proposed by ORS in the Surrebuttal Testimony of ORS witnesses Sullivan and Briseno and a 8.90% return on equity (“ROE”), as recommended by ORS witness Woolridge, ORS updates its recommended reduction to DESC’s \$168,497,980 proposed base rate revenue increase (as filed in Company witness Rooks’ Exhibit AWR-1) to \$6,336,000, which equates to an approximate 96% reduction or approximately \$162,161,980. As addressed by ORS witness Bickley in his Direct Testimony, ORS also recommends the Company’s proposed annual Storm Damage Component revenue be capped at \$5,000,000. The revenue changes by customer class and individual rate schedules are reflected in Surrebuttal Exhibit MSH-1. ORS recommends that the revenues generated by the billing determinants not exceed the target revenue for each class as proposed in Surrebuttal Exhibit MSH-1. Surrebuttal Exhibit MSH-1 demonstrates the percent changes proposed by ORS for each customer class. The retail changes in percentage by customer class are reflected on Table 1 below.

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<b>Table 1</b>	
<b>Customer Class</b>	<b>Percent of Retail Change</b>
<b>Residential</b>	0.06%
<b>Small General Service – SGS</b>	-1.07%
<b>Medium General Service – MGS</b>	0.01%
<b>Large General Service – LGS</b>	0.76%
<b>Lighting</b>	0.71%
<b>Overall Total Retail</b>	<b>0.00%</b>

2    **Q.    HOW DOES ORS’S DISTRIBUTION OF THE UPDATED REVENUE**  
3        **REQUIREMENT IMPACT THE RATE OF RETURN BY CUSTOMER CLASS?**

4    **A.**        Surrebuttal Exhibit MSH-2 provides the resulting rate of return by customer class,  
5        considering ORS’s proposed adjustments (reflected in Direct and Surrebuttal Testimonies).  
6        In developing Surrebuttal Exhibit MSH-2, ORS attempted to limit cross-subsidization of  
7        customer classes by employing a  $\pm 10\%$  “band of reasonableness” relative to the overall  
8        retail rate of return. The returns by class are reflected on Table 2. ORS recommends that  
9        any change in revenue requirement by the Commission be allocated in a manner such that  
10       the returns by class are as equitable as practicable.

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<b>Table 2</b>	
<b>Customer Class</b>	<b>Percent of Return</b>
<b>Residential</b>	6.14%
<b>Small General Service – SGS</b>	7.60%
<b>Medium General Service – MGS</b>	5.92%
<b>Large General Service – LGS</b>	4.90%
<b>Lighting</b>	8.95%
<b>Overall Total Retail</b>	<b>6.31%</b>

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### **III. GENERAL TERMS AND CONDITIONS**

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**Q. WHAT IS THE CURRENT STATUS OF THE ORS MOTION FOR PARTIAL SUMMARY JUDGMENT REGARDING THE PROPOSED AMENDMENTS TO SECTION V. OF DESC'S GENERAL TERMS AND CONDITIONS?**

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**A.** On December 9, 2020, the Commission issued a Directive in response to the ORS Motion for Partial Summary Judgment filed on November 16, 2020.<sup>2</sup> Through its directive, the Commission directed the Company to file a modified version of its changes and address any questions posed by ORS about Paragraph B in Section V. of its General Terms and Conditions. Additionally, the Company is allowed to file additional testimony and exhibits with its response by December 16, 2020. The Commission Directive allows other parties to the general rate case to file responsive testimony and exhibits by December

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<sup>2</sup> A final order has not been entered by the Commission.

23, 2020. ORS reserves it right to file responsive testimony and exhibits by December 23, 2020, per the Commission Directive.

#### IV. TRANSMISSION ASSETS

**Q. PLEASE RESPOND TO COMPANY WITNESS WHITELEY'S CHARACTERIZATION OF THE PLANNED PURPOSE FOR THE TRANSMISSION ASSETS.**

**A.** Company witness Whiteley testifies that, "These projects were part of a **comprehensive upgrade** to major components of the DESC transmission system to allow it to meet customers' needs reliably and efficiently going forward. They were not just a means to connect the new generation." (emphasis added)<sup>3</sup> This statement is not entirely accurate – in fact, it ignores the express purpose presented by the Company to the Commission under the Siting Act proceedings in Docket Nos. 2011-325-E and 2012-225-E ("Siting Act Dockets"). The Commission Orders that granted siting and construction approval for the Transmission Assets clearly reflect that they were built to support the now abandoned V.C. Summer Units 2 & 3. Per Commission Order No. 2011-978,

SCE&G has shown the basis of the need for the Lines in that they are necessary to route the power to be generated by V. C. Summer Nuclear Station Units 2 and 3 onto its transmission system to serve reliably SCE&G customers in the northeast Columbia, Lake Murray, and Lexington areas, and to support reliability during future construction of the St. George Line No. 2, all the while ensuring that SCE&G remains in compliance with applicable transmission system reliability standards.<sup>4</sup>

And Commission Order No. 2012-730,

SCE&G has shown the basis of the need for the St. George Lines and the St. George Switching Station in that they are necessary to route power generated by Unit 3 from the V.C. Summer plant site to those parts of SCE&G's grid that serve the Charleston area load centers and other load

<sup>3</sup> Rebuttal Testimony of David A. Whiteley, page 8, lines 3-6.

<sup>4</sup> Commission Order No. 2011-978, Docket No. 2011-325-E, page 24, Finding 2.

centers in the South Carolina Lowcountry, all the while ensuring that SCE&G remains in compliance with applicable transmission system reliability standards.<sup>5</sup>

Additionally, Company witness Whiteley testifies that if the Transmission Assets were simply concerned with connecting new generation units to the grid, “the upgrades would only have consisted of new 230kV lines extending from the generation units to one or two interconnection points on the system.”<sup>6</sup> Company witness Hubert C. Young provided testimony to the Commission in the Siting Act Dockets that the Transmission Assets were intended to interconnect to only one or two points on the system. Specifically, Company witness Young provides thorough testimony about the interconnection points to the Commission:

The first of these two lines, the VCS1-Killian 230 kV Line, is required to route power from V.C. Summer plant site to the Columbia northeast area. This line begins at the existing V.C. Summer Switchyard #1 at the plant site. It will terminate at the existing Killian 230/115 kV Substation...which is located in northeast Columbia near the intersection of I-77 and Farrow Road.<sup>7</sup>

The second line, the VCS2-Lake Murray 230 kV Line No. 2, is required to route power to the Lexington and Irmo areas. This second line will begin at the V.C. Summer Switchyard #2 which is presently under construction at the plant site. It will run to the existing Lake Murray 230/115 Substation which is located near the Saluda Hydro and McMeekin Sites just below the Lake Murray dam.<sup>8</sup>

The proposed VCS2-St. George 230 kV Line No. 1 is planned to run within existing rights-of-way from approximately 97 miles from the V.C. Summer Switchyard #2 to the St. George 230 kV Switching Station near St. George, South Carolina.<sup>9</sup>

The proposed VCS2-St. George 230 kV Line No. 2 is planned to run within existing rights-of-way for approximately 93.6 miles from the V.C. Summer

<sup>5</sup> Commission Order No. 2012-730, Docket No. 2012-225-E, page 18, Finding 2.

<sup>6</sup> Rebuttal Testimony of David A. Whiteley, page 8, lines 6-8.

<sup>7</sup> Direct Testimony of Hubert C. Young, III, Docket No. 2011-325-E, page 10, lines 12-15.

<sup>8</sup> Direct Testimony of Hubert C. Young, III, Docket No. 2011-325-E, page 10, lines 17-20.

<sup>9</sup> Direct Testimony of Hubert C. Young, III, Docket No. 2012-235-E, page 3, lines 10-13.

Switchyard #2 to the St. George 230 kV Switching Station near St. George, South Carolina...Along the way, SCE&G anticipates that the VCS2-St. George 230 kV Lines No. 2 will connect to SCE&G's planned Saluda River 230/115 kV Transmission Substation near West Columbia, South Carolina, providing the power source to the substation.<sup>10</sup>

The Commission should reject Company witness Whiteley's attempts to re-write the express purpose for which the Transmission Assets were approved. It is undisputed the Transmission Assets were planned and built to provide transmission support for the now abandoned V.C. Summer Units 2 & 3.

**Q. PLEASE RESPOND TO COMPANY WITNESS PARKER'S REBUTTAL TESTIMONY RELATED TO THE CONTINGENCY PLANNING OF THE TRANSMISSION ASSETS.**

**A.** Company witness Parker testifies that "[t]he transmission system is planned for contingency situations, so that it will not fail when reasonably foreseeable contingencies place maximum stress up it."<sup>11</sup> Table 6 of my Direct Testimony demonstrates that the Company does not foresee the Transmission Assets being close to their "maximum stress" for at least the next ten (10) years.

**Q. IS THERE A PUBLISHED BENCHMARK STANDARD FOR TRANSMISSION LINE UTILIZATION?**

**A.** No. As pointed out by Company witness Parker in his Rebuttal Testimony, "[t]here is no benchmark percentage utilization of transmission lines by which to determine under or over utilization..."<sup>12</sup>

<sup>10</sup> Direct Testimony of Hubert C. Young, III, Docket No. 2012-235-E, page 4, lines 1-4 & 12-15.

<sup>11</sup> Rebuttal Testimony of R. Scott Parker, page 27, lines 9-11.

<sup>12</sup> Rebuttal Testimony of R. Scott Parker, page 21, lines 18-19.



**Q. DOES THE COMPANY'S REBUTTAL TESTIMONY ON THE TRANSMISSION ASSETS ALTER THE ORS RECOMMENDATIONS?**

**A.** No. ORS continues to assert the Transmission Assets built to support the now-abandoned V.C. Summer Units 2 & 3 are under-utilized and the Commission should carefully consider cost-recovery issues. A simple and useful analogy may be to think about the construction and renting out of a commercial building to illustrate the cost-recovery issues the Commission faces related to the Transmission Assets. A commercial building developer decides to construct a 10-story office building because there is significant need for office space in the surrounding area. However, once completed, the building developer only has a single tenant on one floor of the commercial building. It would be unreasonable for the developer to charge the single tenant all of the costs of the entire building. The Commission must consider whether it is just and reasonable to require current DESC customers to pay for 100% of Transmission Assets of which, any potential future benefit is only speculative. Again, ORS recommends the Commission consider a cost-sharing or phase-in approach to resolve the conflicts related to the Transmission Assets and cost recovery.

**V. IMPACTS TO CUSTOMERS' BILLS**

**Q. PLEASE EXPLAIN THE IMPACT OF THE COMPANY'S PROPOSED RATES ON THE TYPICAL RESIDENTIAL CUSTOMER'S MONTHLY BILL.**

**A.** ORS analyzed the impact to residential customer bills. Surrebuttal Exhibit MSH-3 shows the Residential Bill for DESC's currently approved rates and the rates proposed in this proceeding. For information purposes, ORS provided the same information for Duke Energy Carolinas, LLC ("DEC"), Duke Energy Progress, LLC ("DEP"), Lockhart Power

Company (“Lockhart”), the South Carolina Public Service Authority (“Santee Cooper”), and the most recent U.S. Energy Information Administration (“EIA”) data for the South Atlantic region of the United States.

**Q. AFTER INCORPORATING ORS’S UPDATED ADJUSTMENTS AND RECOMMENDATIONS INTO THE COMPANY’S APPLICATION, WHAT IS THE NET EFFECT ON THE TYPICAL MONTHLY BILL FOR A TYPICAL RESIDENTIAL CUSTOMER?**

**A.** The average monthly bill for the typical residential customer on Rate 8 using 1,000 kWh (“Residential Bill”) will increase by approximately \$0.07 from \$122.31 to \$122.38. This includes both the DSM Rider decrease of \$0.62 and the Storm Damage Rider increase of \$0.31. Excluding the DSM Rider decrease and Storm Damage Rider increase, a Residential Bill will increase from \$122.31 to \$122.69, an increase of \$0.38.

**Q. WILL YOU UPDATE YOUR SURREBUTTAL TESTIMONY BASED ON INFORMATION THAT BECOMES AVAILABLE?**

**A.** Yes. ORS reserves the right to revise its recommendations via supplemental testimony should new information not previously provided by the Company, or other sources become available.

**Q. DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?**

**A.** Yes, it does.

# **Dominion Energy South Carolina, Inc.**

## **Proposed Revenues**

Docket No. 2020-125-E

Surrebuttal  
Exhibit MSH-1

Customer Class	Present Revenues Annualized	ORS Proposed Base Rate Increase (\$)	ORS Proposed Storm Damage Increase (\$)	DESC Proposed DSM/EE Rate Decrease (\$)	ORS Proposed Net Revenue Increase (\$) (b)+(c)+(d)	ORS Proposed Net Revenue Increase (%) (e)/(a)
	(a)	(b)	(c)	(d)	(e)	(f)
Residential Service	\$ 1,009,033,061	\$ 3,113,242	\$ 2,576,500	\$ (5,117,630)	\$ 572,112	0.06%
Small General Service	\$ 425,981,612	\$ (864,254)	\$ 984,500	\$ (4,695,399)	\$ (4,575,153)	-1.07%
Medium General Service	\$ 190,285,450	\$ 781,756	\$ 393,500	\$ (1,151,097)	\$ 24,159	0.01%
Large General Service	\$ 470,207,030	\$ 3,261,756	\$ 662,000	\$ (331,284)	\$ 3,592,472	0.76%
Lighting	\$ 59,882,186	\$ 43,500	\$ 383,500	\$ -	\$ 427,000	0.71%
Total Retail	\$ 2,155,389,339	\$ 6,336,939	\$ 5,000,000	\$ (11,295,410)	\$ 40,590	0.00%

**Dominion Energy South Carolina, Inc.**  
**Rate of Return**  
Docket No. 2020-125-E

Surrebuttal  
Exhibit MSH-2

Customer Class	Before Increase				After Proposed Increase			
	Company Pro Forma Ratebase	Company Pro Forma Return	ROR	Relationship to Parity	ORS Pro Forma Ratebase	ORS Pro Forma Return	ROR	Relationship to Parity
Residential Service	\$ 2,841,517	\$ 170,326	5.99%	97%	\$ 2,841,517	\$ 174,601	6.14%	97%
Small General Service	\$ 1,139,428	\$ 86,481	7.59%	123%	\$ 1,139,428	\$ 86,571	7.60%	120%
Medium General Service	\$ 504,697	\$ 28,984	5.74%	93%	\$ 504,697	\$ 29,867	5.92%	94%
Large General Service	\$ 1,026,940	\$ 47,350	4.61%	75%	\$ 1,026,940	\$ 50,298	4.90%	78%
Lighting	\$ 236,069	\$ 20,815	8.82%	143%	\$ 236,069	\$ 21,136	8.95%	142%
Total Retail	\$ 5,748,651	\$ 353,957	6.16%	100%	\$ 5,748,651	\$ 362,472	6.31%	100%

**Dominion Energy South Carolina, Inc.**  
**Residential Bill Comparison**  
Docket No. 2020-125-E

Surrebuttal  
Exhibit MSH-3

	Average Bill <sup>1</sup>
<b>DESC (Rate 8) (Current)</b>	\$122.31
<b>DESC (Rate 8) (Company Proposed)</b>	\$131.99
<b>DESC (Rate 8) (ORS Proposed)</b>	\$122.38
<b>Duke Energy Carolinas (Schedule RS)</b>	\$115.33
<b>Duke Energy Progress (Schedule RES)</b>	\$120.30
<b>Lockhart Power Company (Schedule R) <sup>2</sup></b>	\$134.45
<b>Santee Cooper (Schedule RG) <sup>3</sup></b>	\$125.87
<b>South Atlantic 2019 Average (from EIA) <sup>4</sup></b>	\$130.04

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<sup>1</sup> Average bill based on 1,000 kWh monthly usage.

<sup>2</sup> Lockhart Rate does not include monthly changes to Schedule O.

<sup>3</sup> Santee Cooper bill does not include non-public changes to FAC-17, DSC-17

<sup>4</sup> [https://www.eia.gov/electricity/sales\\_revenue\\_price/pdf/table5\\_a.pdf](https://www.eia.gov/electricity/sales_revenue_price/pdf/table5_a.pdf)